

INFORMED BUDGETEER

WELCOME BACK BUDGETEERS  
2000 APPROPRIATION UPDATE

| Comparison of 302(B) Allocation for FY2000<br>(\$ in Billions) |       |       |        |       |       |       |
|--|-------|-------|--------|-------|-------|-------|
|  | 1999  |       | Senate |       | House |       |
|  | BA    | OT    | BA     | OT    | BA    | OT    |
| Agriculture  | 14.0  | 14.1  | 14.0   | 14.3  | 13.9  | 14.3  |
| Commerce   | 32.6  | 30.6  | 33.6   | 33.5  | 35.8  | 34.9  |
| Defense  | 250.3 | 248.3 | 263.7  | 254.4 | 267.7 | 259.1 |
| DC   | 0.6   | 0.6   | 0.4    | 0.4   | 0.5   | 0.4   |
| Energy-Water   | 21.2  | 20.4  | 21.3   | 20.9  | 20.2  | 20.1  |
| Foreign Ops  | 13.3  | 12.7  | 12.7   | 13.2  | 12.6  | 13.2  |
| Interior   | 13.8  | 14.0  | 13.9   | 14.3  | 13.9  | 14.4  |
| Labor-HHS  | 83.8  | 80.4  | 80.4   | 81.1  | 73.0  | 75.1  |
| Legislative  | 2.4   | 2.3   | 2.5    | 2.5   | 2.5   | 2.5   |
| Mil Con  | 8.7   | 9.4   | 8.3    | 8.8   | 8.4   | 8.8   |
| Transportatio  | 11.9  | 40.8  | 12.0   | 42.9  | 12.4  | 43.4  |
| n  | 14.0  | 12.9  | 13.4   | 13.9  | 13.7  | 14.1  |
| Treasury   | 71.0  | 80.4  | 62.4   | 77.6  | 68.6  | 82.0  |
| VA-HUD   | 0.0   | 0.0   | 0.0    | 0.8   | 0.0   | 0.0   |
| Deficiencies   | 537.6 | 567.0 | 538.6  | 578.4 | 543.1 | 582.5 |
| Total  |       |       |        |       |       |       |

\*Less than \$50 million. NOTE: 1999 totals exclude emergencies and other one-time items. 1999 totals and President’s request re-estimated by CBO.

- The table above compares the “latest” 302(b) allocations for the House (from August 4) and for the Senate (from July 22). With 17 days left in the fiscal year and only one bill enacted (Milcon) and two other bills (Legislative and DC) cleared for enactment, the differences in the table highlight the lack of convergence for the remaining 10 bills and how much work there is left to do.
- First, notice the difference in the bottom line: the total House allocation is \$5 billion in budget authority and \$4.3 billion in outlays more than the Senate allocation. How can this be if the adopted congressional budget resolution started both bodies off with the same amount for discretionary spending?
- The answer is that the House-passed Commerce, Justice, State bill declared all funding (\$4.5 billion) for the 2000 Census as an emergency, while the Senate bill neither has provided the full amount requested by the President for the Census nor has declared any of it an emergency. Following the amendments to the Budget Enforcement Act in 1997, the House has reflected its declared emergency by increasing the total allocation.
- Other differences loom as well. The House allocation assumes \$4.3 billion in BA and \$4.7 billion more in outlays for the Defense appropriations bill than does the Senate. An ever larger gap lies between the allocation for Labor-HHS, with the Senate \$7.4 billion in BA and \$6 billion in outlays higher than the House, as the House has continually chipped away at its original allocation for this bill as a way of providing funds for other bills.
- The key beneficiary of this approach has been the House VA-HUD bill, which has an allocation that is \$6.4 billion in BA and \$4.4 billion in outlays greater than the Senate. One other significant disagreement is over funding for the Energy and Water bill, with the Senate allocation \$1.1 billion in BA and \$0.8 billion in outlays higher than the House.

BUDGET QUIZ  
BACK TO THE FUTURE

Question: Informed Budgeteers have heard rumors that one possible solution to the tight appropriations process this year might be advance appropriations from 2000 into 2001. “Advance appropriations” and other terms have confused people, so here’s a budget quiz to clear things up. **What’s the difference between “advance appropriation”, “advance funding” and “forward funding”?**

Answer: From the Budget Bible - - OMB circular #A-11, July 12, 1999 - - an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the act is passed. There are three types of appropriations where this is not the case:

- **Advance appropriation** means appropriations of budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. For example, if the following language appeared in an appropriations act for fiscal year 2000 it would provide an advance appropriation for fiscal year 2002: “For operating expenses, \$1,500,000, to become available on October 1, 2001.” In this example, budget authority (and associated outlays) would be recorded in 2002.
- **Advance funding** is defined as appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated for that year. The budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriation act is passed. When such budget authority is used, the budget records an increase in budget authority for the fiscal year in which it is used and a reduction in the following fiscal year. The following language provides advance funding: “Together with such sums as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year.”
- **Forward funding** means appropriations of budget authority that are made for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year. The budget records the budget authority in the fiscal year which it is appropriated. This kind of funding is generally used for education programs so that obligations for grants can be made prior to the beginning of the next school year. The following language in an appropriation act for 2000, would provide forward funding which would be recorded in fiscal year 2000: “of which \$2,000,000,000 shall become available on July 1, 2000 and shall remain available through September 30, 2001 for academic year 2000-2001.”
- Whew! Now that the *Bulletin* has clarified those definitions, let’s look at the recent history of “advance appropriations” From FY 1996 to FY 2000, advance appropriations have jumped from \$1.9 billion to \$11.6 billion, an increase of \$9.7 billion over 5 years .

| Discretionary Advance Appropriations<br>Budget Authority by Fiscal Year, \$ in Millions |      |      |      |      |      |
|---|------|------|------|------|------|
|   | 1996 | 1997 | 1998 | 1999 | 2000 |

|                             |       |       |       |       |        |
|-----------------------------|-------|-------|-------|-------|--------|
| Military pay & retirement   | 0     | 0     | 0     | 0     | 1,838  |
| Denali Commission           | 0     | 0     | 0     | 0     | 8      |
| Patent & trademark office   | 0     | 0     | 0     | 71    | 167    |
| Legal Activities-Marshals   | 0     | 0     | 0     | 31    | 0      |
| SBA loan program account    | 0     | 0     | 4     | 4     | 0      |
| FTC                         | 0     | 0     | 0     | 14    | 0      |
| SEC                         | 0     | 0     | 27    | 0     | 0      |
| Radiation compensation      | 0     | 16    | 0     | 0     | 0      |
| Employment & train. adm.    | 0     | 0     | 0     | 290   | 0      |
| NIH, buildings & facilities | 0     | 0     | 0     | 0     | 40     |
| Energy assistance program   | 1,319 | 300   | 1,000 | 1,100 | 1,100  |
| CCDBG                       | 0     | 0     | 937   | 1,000 | 1,183  |
| Element. & Second. Ed       | 0     | 0     | 0     | 210   | 0      |
| Education - disadvantaged   | 0     | 1,298 | 1,298 | 1,448 | 6,204  |
| Public Broadcasting         | 312   | 260   | 250   | 250   | 317    |
| Clean coal technology       | 200   | 138   | 0     | 0     | 10     |
| Loan Guarantees to Israel   | 68    | 0     | 0     | 0     | 0      |
| Payment to Postal Service   | 0     | 0     | 0     | 0     | 71     |
| Defense vessel transfer     | 0     | 0     | 0     | 0     | 31     |
| NASA                        | 0     | 365   | 365   | 0     | 0      |
| Veterans, construction      | 0     | 0     | 32    | 0     | 0      |
| Hazardous subst superfund   | 0     | 0     | 0     | 650   | 650    |
| Total                       | 1,899 | 2,377 | 3,913 | 5,068 | 11,619 |

SOURCE: CBO, Scorekeeping Unit

THE AGING WORKFORCE - IN GOVERNMENT

- The Rockefeller Institute of Government’s Center for the Study of the States completed a study that found that workers over age 45 make up an extraordinarily large component of government employment.
- Forty-four percent of government workers are older than 45, whereas 30 percent of private sector workers are older than 45. The high incidence of older workers in government is consistent across demographic and occupational groups. There are more older government workers among men and among women, among whites, blacks and workers of Hispanic origin, among administrative and professional workers, and among clerical and blue-collar workers.
- The flip side of the relatively mature government workforce is the dearth of workers under age 35. Overall, workers under age 35 comprise 27.3 percent of government employment and 43.9 percent of private sector employment.
- The study points out that it is clear that government can be expected to be more strongly affected by retirements over the next decade and therefore will have proportionately larger demand for workers to replace those who leave the work force.
- This will be particularly true in the area of public education. Employment in public education makes up 52 percent of total state and local employment, and 45 percent of nationwide government (federal, state, and local ) employment.
- Government faces urgent challenges after the turn of the century to recruit, train, develop and retain new employees within the demographic constraints of slower growth in the American labor force.

NO CONSENSUS ON E-COMMERCE TAX ISSUES

- After two years of work, the National Tax Association's Communications and Electronic Tax Project has issued its report on E-commerce taxation by state and local authorities. The National Tax Association is a non-profit, nonpartisan association of state and local government officials, professional organizations academia and members of the business community.

- Unfortunately, the report stresses that no final consensus could be reach on many of the difficult issues surrounding the taxation of E-commerce. Highlights of the report include:
  - Though proposals to require a uniform state tax base were rejected, the Project's report notes that the various state and local rates impose significant burdens on multistate sellers, especially smaller sellers who have been able to use the Internet to sell nationally and internationally
  - A recommendation that each state should have one sales tax rate, which would apply to all business transactions involving goods and services that are taxable in that state.
  - The Project was unable to agree on a definition of "telecommunications" in its discussion regarding the adverse effects a tax structure on the Internet would have on the growth of a competitive telecommunications industry.
- Not to be discouraged, another Commission, the Advisory Commission on Electronic Commerce created by the 1998 Internet Tax Freedom Act, and headed by Virginia Governor James Gilmore, will hold its second meeting in New York City this week. The Commission's report to Congress is due April 21, 2000

CALENDAR

ANNIVERSARY OF THE CONGRESSIONAL BUDGET ACT: LESSONS OF THE PAST, CHANGES FOR THE FUTURE

- The Senate Budget Committee has scheduled a series of high-profile hearings on the occasion of the 25<sup>th</sup> anniversary of the Congressional Budget and Impoundment Control Act of 1974. That law, which was enacted on July 12, 1974, created the Budget Committees of the House and Senate as part of an overall reform of congressional budgetary procedures and practices.
- The timing of the Act’s 25<sup>th</sup> anniversary, coming as a new millennium approaches, presents a unique opportunity for lawmakers to evaluate the lessons of the past 25 years of Congressional budgeting and to consider budget process changes that would help them to deal more effectively with the fiscal, budgetary, and institutional challenges they now face.
- The Committee’s hearings are scheduled for October 19 and 20, 1999, from 10:00 a.m. to 2:00 p.m. each day, in Room 216 of the Hart Senate Office Building. They will feature panel sessions of former high-ranking elected officials, former and current agency heads, academicians, and other experts. Separate panel sessions will be devoted to the following topics:
  - Perspectives of Former Congressional Leaders. Invited panelists: Senators Howard Baker, Robert Dole, and George Mitchell, former Speaker Thomas Foley, and former House Republican Leader Robert Michel.
  - The 1974 Budget Act, Congress, and Legislative-Executive Relations. Invited panelists: Bill Gradison, Former Ranking Member, House Budget Committee (confirmed); Jim Thurber, Director, Center for Congressional and Presidential Studies, American University (confirmed); David Gergen, JFK School of Government, Harvard University, former presidential advisor.
  - Adapting the Budget Process to Changing Fiscal and Budgetary Conditions. Invited panelists: Dr. Alan Greenspan, Chairman of the Federal Reserve (confirmed). Dr. Robert Reischauer, Senior Fellow, Brookings Institution (confirmed); Dr. Eugene

Steuerle, Senior Fellow, Urban Institute (confirmed); David Walker, Comptroller General, GAO (confirmed).

- Each panel will focus on options for reform that are suggested by past trends and that would help to meet future challenges. Look for more details in future *Bulletins*.

The *Bulletin* would like to commend Dr. Paul Van De Water on 18 years of service to the Congress, the Budget Committees and CBO. Paul leaves CBO to take up new responsibilities at the Social Security Administration. Best wishes from the Budget Committee on his future endeavors.

✉Editor’s note: Welcome to our newest SBC staffer- W. Walter Hearne, a recent M.P.A graduate of James Madison University. Walter comes to the Budget Committee via the Urban Institute and Dr. Rudy Penner. He takes on the role of research assistant to the Committee on issues of Social Security, income distribution and railroad retirement issues.